

**LEGISLATIVE FISCAL ESTIMATE**  
[Third Reprint]  
**SENATE, No. 3091**  
**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

DATED: JUNE 4, 2021

**SUMMARY**

- Synopsis:** Requires builders to offer unit concrete products that utilize carbon footprint-reducing technology as option in new construction; establishes tax incentives, and State and local purchasing requirements, for unit concrete products that utilize carbon footprint-reducing technology.
- Type of Impact:** Annual expenditure increase and annual revenue loss to State General Fund and Property Tax Relief Fund.
- Agencies Affected:** Department of Community Affairs.  
Department of Environmental Protection.  
Department of Transportation.  
Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2022 and Thereafter</u></b>
<b>Annual State Expenditure Increase</b>	Indeterminate
<b>Annual State Revenue Loss</b>	Indeterminate

- The Office of Legislative Services (OLS) recognizes that the bill will result in increased annual State expenditures and a decrease in annual State revenues.
- The bill’s requirements to publish materials, modify contracting practices, and establish programs that require, when feasible, the use of unit concrete products that utilize carbon footprint-reducing technology or certify those products may annually increase administrative expenses for Executive departments.
- The bill’s exemption of unit concrete products that utilize carbon footprint-reducing technology from the State’s Sales and Use tax which, along with the utilization of gross income tax and corporation business tax credits, will reduce revenues earmarked for both the State’s General Fund and Property Tax Relief Fund by an indeterminate amount annually. The OLS notes that the tax credits are capped at \$20 million for each fiscal year.

## **BILL DESCRIPTION**

The bill requires builders to offer unit concrete products that utilize carbon footprint-reducing technology as an option in new construction, and establish various tax incentives and exemptions, and State and local government purchasing preferences, for unit concrete products that utilize carbon footprint-reducing technology.

The bill requires a builder, for any new construction that requires the use of unit concrete products, where technically feasible, to offer unit concrete products that utilize carbon footprint-reducing technology in the new construction. The bill requires the Commissioner of Community Affairs to publish educational materials concerning unit concrete products that utilize carbon footprint-reducing technology, and provide builders with information concerning the tax incentives established in the bill.

The bill exempts receipts from the sale of unit concrete products that utilize carbon footprint-reducing technology, including permeable pavement, used in the construction or improvement of any residential dwelling or commercial building in the State from the Sales and Use Tax. The bill also provides both corporation business tax credits and gross income tax credits for the taxable year or privilege period during which purchases of unit concrete products that utilize carbon footprint-reducing technology are made. The tax credit would be equal to \$2.00 per square foot of qualified unit concrete products purchased. The value of the tax credits allowed under the bill would be capped at \$3,000 for a residential property and \$30,000 for a commercial property in a single privilege period. Tax credits across both the corporation business tax and the gross income tax are capped at \$20 million each fiscal year. In order to qualify for a tax credit, a person would be required to purchase at least 100 square feet of qualified unit concrete products.

The bill requires a taxpayer seeking a tax credit to submit receipts for the unit concrete products for which the tax credit is claimed and an affidavit that the unit concrete products are or will be used exclusively in the State. The bill also specifies that no costs included in calculation of a credit allowed under the bill can be included in the costs for calculation of any other corporation business tax credit or gross income tax credit.

The bill requires the Director of the Division of Purchase and Property, the Director of the Division of Property Management and Construction, and any State agency having authority to contract for the purchase of goods or services, whenever technically feasible, use or require the use of unit concrete products that utilize carbon footprint-reducing technology. The bill also requires a local contracting unit, whenever technically feasible, use or require the use of unit concrete products that utilize carbon footprint-reducing technology, including permeable pavers.

The bill requires the Department of Transportation to implement a program to use, to the greatest extent practicable, unit concrete products that utilize carbon footprint-reducing technology, including permeable pavement, in the design, construction, reconstruction, or repair of any public transportation infrastructure project that is funded in whole or in part from the Special Transportation fund.

The bill requires the Commissioner of Environmental Protection to establish any standards and procedures necessary to implement the bill, including a process for certifying whether a unit concrete product generates at least 50 percent less carbon dioxide emissions in the production and utilization of the unit concrete product than conventional unit concrete products made with ordinary Portland cement. The commissioner is required to publish certified products on the department's website.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS recognizes that the bill will result in increased annual State expenditures and a decrease in annual State revenues. On the expenditure side, the bill's requirements to publish materials, modify contracting practices, and establish programs that require, when feasible, the use of unit concrete products that utilize carbon footprint-reducing technology or certify those products may increase administrative expenses for Executive departments. However, the OLS cannot predict how those departments will implement the bill's requirements; thus, the magnitude of the annual expenditure increase is indeterminate.

The bill's exemption of unit concrete products that utilize carbon footprint-reducing technology from the State's Sales and Use Tax which, along with the utilization of gross income tax and corporation business tax credits, will reduce revenues earmarked for both the State's General Fund and Property Tax Relief Fund by an indeterminate amount annually. The tax credits are capped at \$20 million for each fiscal year.

The OLS notes that those products may not be very prevalent in residential and commercial construction or improvement projects around the State, so the impact on sales tax collections may be negligible immediately following the bill's enactment. Likewise, the OLS anticipates fewer applications for the bill's tax credits immediately following enactment. However, if the bill induces more unit concrete products that utilize carbon footprint-reducing technology usage and sales across the State, the State's annual revenue loss could increase over time as a result of forgone revenue from both the sales tax exemption and tax credit applications.

*Section:*        *Revenue, Finance and Appropriations*  
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*Approved:*    *Thomas Koenig*  
                     *Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).